

WEBSITE: www.id.state.az.us

The Department's web site contains consumer publications, answers to frequently asked questions, and other helpful insurance-related information. It also has useful information for insurers and producers, and offers links to other helpful web sites. Visitors can also subscribe to receive electronic copies of our quarterly newsletter, press releases and bulletins.

HOW TO CONTACT US

Consumer Assistance and Publications

Insurance-related questions or complaints and requests for publications can be made to:

Email: consumers@id.state.az.us or ayuda@id.state.az.us.

- Phoenix: (602) 912-8444
- Tucson: (520) 628-6370
- In-state, Outside Phoenix: (800) 325-2548
- Market Assistance for Liability Insurance: (602) 912-8450 or (1-800) 544-9208

Fraud Unit

- (602) 912-8418

Licensing

Email: licensing@id.state.az.us

- Phoenix: (602) 912-8470
- In-state, outside Phoenix: (877) 660-0964

Arizona Department of Insurance
2910 N. 44th Street, Suite 210
Phoenix, Arizona 85018

or

400 W. Congress, Suite 152
Tucson, Arizona 85701

Persons with disabilities may request that materials be presented in an alternative format by contacting the ADA Coordinator at (602) 912-8456. Requests should be made as early as possible to allow time to procure the materials in an alternative format.

OVERVIEW: THE ARIZONA DEPARTMENT OF INSURANCE and THE ARIZONA INSURANCE INDUSTRY



Charles R. Cohen
Director of Insurance

Janet Napolitano
Governor

**Mission of the Arizona
Department of Insurance:**

*To faithfully execute the state
insurance laws in a manner that
protects insurance consumers
and encourages economic
development.*

March 2003

Publication is compiled from data reported in the
Arizona Department of Insurance 2001/2002 Annual Report.

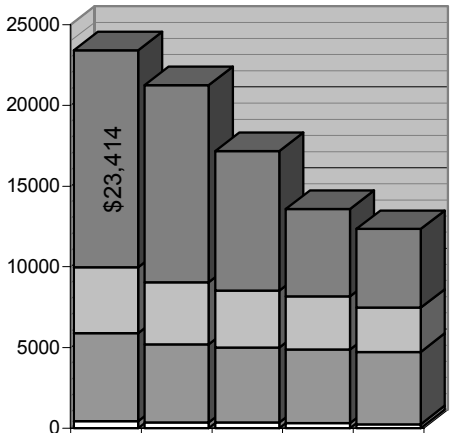
Overview of the Arizona Insurance Industry

Licensed Insurers as of 12/31/01

Life and Health Insurers	939
Managed Health Care	22
Property and Casualty Insurers	900
Other Insurers	58
<i>Total</i>	1,919

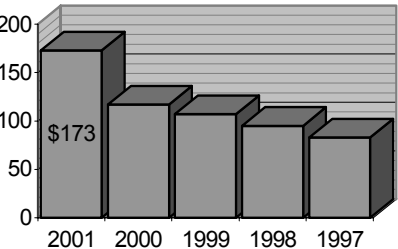
Total Insurance Premiums By Licensed Insurers

(as of 12/31/01; \$000,000 omitted)



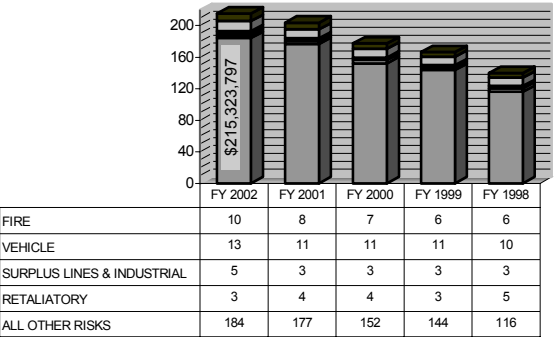
■ Life And Disability	13,455	12,212	8,666	5,405	4,887
■ All Other Health Care	4,070	3,859	3,508	3,308	2,734
■ Property And Casualty	5,456	4,849	4,653	4,546	4,485
□ Other Business Types	433	341	348	316	244

Total Surplus Lines* Insurance Premiums As reported by the Surplus Lines Association of Arizona (\$000,000 omitted)



*Surplus Lines insurance is sold by insurers not licensed in Arizona, but authorized to offer coverage to applicants who cannot obtain insurance in the admitted market.

Total Insurance Premium Tax Revenues (\$000,000 omitted)

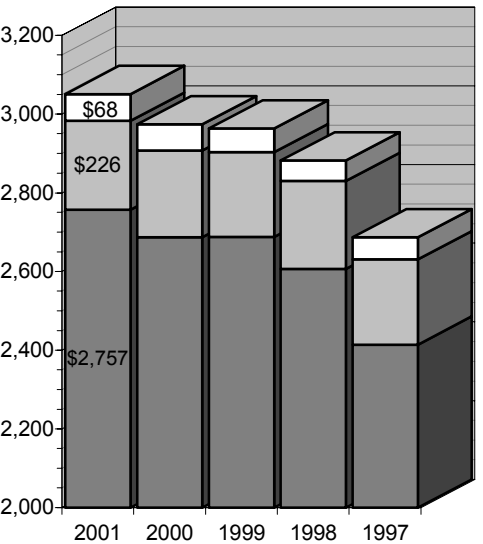


Total Tax/Fee/Fine Revenues FY 2002

Insurance Premium Taxes.....	\$215,323,797
License Fees.....	4,682,306
Other Fees	2,003,925
Civil Penalties.....	1,263,200

Total **\$223,273,228**

Insurers' Securities On Deposit With Arizona State Treasurer (\$000,000 Omitted)



Other: includes Retaliatory, Special, Security and Voluntary Deposits

Statutory Deposits: required for all insurer licenses.

Workers' Compensation Deposits: required specifically to transact workers' compensation.

Summary of Insurance Professionals (as of 12/31/01)		
A total of 33,675 resident and 45,167 non-resident insurance professionals are licensed in the following lines of authority (each licensee may be authorized to transact more than one line of authority):		
	<i>Resident</i>	<i>Non-Resident</i>
Producers:		
Property and Casualty	26,342	40,261
Life	25,645	25,510
Accident and Health	21,512	22,494
Variable Contracts	8,300	13,273
Credit Life and Disability	70	13
Travel Accident Ticket	296	5
Title	51	9
Brokers:		
Surplus Lines Brokers	174	118
Mexican Surplus Lines Brokers	26	0
Other Insurance Professionals:		
Insurance Adjusters	1,221	221
Bail Bond Agents.....	139	0
Managing General Agents.....	9	34
Third Party Administrators.....	28	163
Utilization Review Agents.....	36	79

Overview of the Arizona
Department of Insurance

CONSUMER AFFAIRS

The Consumer Affairs Division provides a full range of services and information to the insurance consuming public. It is comprised of the following sections: Consumer Services, Market Assistance, and Health Care Appeals.

This Division helps consumers with insurance problems on the phone, in person or by mail. During fiscal year 2002, Arizona insurance consumers...

- Filed over 5,000 written complaints about insurers, agents and other licensees.
- Phoned in more than 70,000 times with questions.
- Walked into the Department for personal assistance over 3,000 times.

- Called nearly 2,000 times seeking ADOI's assistance in finding liability insurance.
- Received assistance from ADOI in obtaining claim and premium refund payments in excess of \$4 million.

In addition, the Division monitors health care insurers' compliance with claims appeals requirements including the external appeals process. It also operates a Market Assistance Program that helps businesses obtain liability insurance.

MARKET OVERSIGHT

The Market Oversight Division performs research and analysis of the insurance markets to identify areas that require regulatory attention. It performs market-related investigations and examinations of insurers and producers, and pursues appropriate corrective action.

PUBLICATIONS

- Free publications are available to the public:
- A Guide to Group Health Insurance In Arizona
 - A Guide to Individual Health Insurance in Arizona
 - A Consumer Guide to Health Care Appeals
 - How to Resolve Insurance Complaints
 - Automobile Premium Comparison Survey,
 - Homeowners' Premium Comparison Survey
 - Mobile Homeowners' Premium Comparison Survey
 - Personal Lines Complaint Ratios for homeowners and auto insurance*
 - Managed Care Complaint Ratios
 - Consumer Guide to Homeowners' Insurance*
 - Consumer Guide to Automobile Insurance
 - A Consumer Guide to the Arizona Department of Insurance
 - Fighting Insurance Fraud in Arizona
 - A Consumer Guide to Common Insurance Terms
 - List of Individual Health Insurance Resources
 - List of Individual Health Insurers

- List of Long Term Care Insurers
- List of Medicare Supplement/ Medicare+Choice Plans
- Medicare Supplement Insurance Premium Comparison
- A Consumer Guide to Understanding How Insurers Use Credit Information
- And others...

*Available in Spanish

FINANCIAL AFFAIRS and RECEIVERSHIP

The Financial Affairs Division monitors insurers for solvency and soundness. Division personnel review financial statements and conduct periodic examinations of domestic insurers.

The Division licenses qualified insurers, collects premium taxes and fees, and oversees insurer compliance with trust deposits requirements for the benefit and protection of policyholders.

The Receivership Division supervises and coordinates the receiverships of insolvent insurers.

GUARANTY FUNDS

The Arizona Insurance Guaranty Funds provide a safety net to protect the public from financial loss if an insurer becomes insolvent. Subject to statutory limits and other conditions, the Funds pay certain claims owed by an insolvent insurer.

Assessments against licensed insurers and monies recovered from the estates of insolvent insurance companies are used to pay claims.

CAPTIVE INSURANCE

The Captive Insurance Division promotes the development of captive insurers in Arizona and oversees their financial stability. Captives are generally formed by commercial enterprises as a mechanism to self-insure their commercial risk exposures.

LICENSING

The Licensing Section issues and renews licenses for qualified producers, bail bond agents, adjusters, surplus lines brokers, totaling over 83,000 individuals and firms. Licensing forms and instructions are available from our web site or by calling the Licensing Hotline: (602) 912-8470 or (877) 660-0964.

PROPERTY AND CASUALTY

The Property and Casualty Division reviews property and casualty rates and policies, including auto and homeowners, and service company contracts to assure they comply with the law. The Division also monitors the property and casualty marketplace to determine whether competition exists and whether insurance is available.

LIFE AND HEALTH

The Life and Health Division administers Arizona laws pertaining to life and health insurance plans and policies, as well as licensure of utilization review agents and third party administrators. The Division reviews life and health insurance policies to make sure they comply with state law.

This Division has responsibility for oversight of health care service delivery by HMOs and prepaid dental plans. The Division also administers the health care provider timely pay and grievance law.

FRAUD UNIT

The Fraud Unit investigates complaints of fraud by individuals against insurers, and refers them to the Attorney General for prosecution. Insurance fraud is a class 6 felony.

Fraud inflates the cost of insurance for all consumers. Common types of insurance fraud include false or inflated claims, misrepresentations when applying for insurance, and billing for services that were not performed.